



**MONTGOMERY COUNTY COUNCIL**  
**ROCKVILLE, MARYLAND**

WILL JAWANDO  
COUNCILMEMBER  
AT-LARGE

Councilmember Jawando  
Testimony for Local Tax Relief  
for Working Families Act of 2021  
SB 133

Good afternoon, I'm Will Jawando and I serve as an At-Large Councilmember in Montgomery County. Thank you for the opportunity to testify in support of SB 133. Over the last two years I have worked closely with Delegate Palakovich Carr and County Executive Pittman on this legislation and it is good to see bipartisan support for authority that should be extended to our counties and the city of Baltimore. This bill grants county governments the local authority to establish rates for income taxes. I'm happy to say that at my urging, Montgomery County has included support for this authority as a state priority for this session of the General Assembly. While I am noting this support, I am speaking on behalf of myself today.

Wealth inequality has become more and more pronounced – across Maryland, across the country and around the world. A 2017 report from Oxfam found that the richest one percent of people in the world control 82 percent of the total wealth. Put another way, just 42 people own the same amount of wealth as the poorest 50 percent of the global population.

During the last year, as the COVID-19 pandemic has taken lives and livelihoods, the inequalities have been magnified and have only become more extreme. According to an analysis by the Americans for Tax Fairness and the Institute for Policy Studies the collective fortunes of American billionaires grew an average of \$42 billion during each week of the coronavirus pandemic. Simply put, the economic story related to the pandemic is an acceleration of inequality.

Our flat income tax is a contributor to that imbalance at the local level, and our middle class and less affluent residents are in need of relief. I will note that the Federal Government and the State of Maryland both employ progressive tax rates, and we should allow Counties to do the same. In Montgomery County, with a progressive tax rate we could lower taxes for the 65% of our residents who make less than \$100,000 a year, putting much needed money into the pockets of middle and working class families.

And by modestly increasing the rate of our most affluent earners, those making over half a million dollars a year, from 3.2 percent to 3.5 percent, we could raise more than \$25 million a year in revenues, helping us prioritize critical investments in our schools, our roads, and other vital services.

This middle-class tax relief is needed now more than ever. Study after study have found that half of American families cannot spare \$300 in cash in the event of an emergency. In a study from 2016 – before former

President Trump tilted the tax code toward the ultra-rich – 63 percent of Americans reported not having \$500 cash in an emergency. Restructuring how we collect county taxes can provide significant relief to middle class and working families, our aging neighbors, and those who struggle to afford to live and work in Montgomery County.

We also know that this unfair tax structure is imposing higher risk on those who would otherwise start new businesses. Only the already-wealthy can afford to start a new enterprise -- which means our tax code is causing us to smother potential economic expansion. We are literally strangling the innovation out of people and harming our economy in the process.

There is also an issue of fairness. While county governments do not have the ability to address income taxes in different ways to create incentives and relief, smaller municipalities already have this authority.

At a time when the stock market is reaching record highs, when already-wealthy households are accumulating even greater wealth at record speed across this country, it would be a profound social injustice to fail to address inequities and imbalances in a tax formula that imposes the greatest costs on working- and middle-income families.

Thank you.